

October 5, 2011

**CITY OF HALLANDALE BEACH, REGULAR CITY COMMISSION MEETING**

**Date:** September 21, 2011  
**Director's Name:** Patricia M. Ladolcetta  
**Department:** Finance  
**Subject:** Investment Policies Update – General Employees and Professional Management Pension Plans - CAD #007/11

---

**Information**

**Requested Action**

**CITY COMMISSION CONSIDER AND APPROVE**

The draft General Employees and Professional Management Pension Plan Investment Policies.

**Why Action is Necessary**

Pursuant to the Employee Retirement Income Security Act of 1974 at 29 U.S.C. S1104 (a) (1) (A) – (C), and Chapter 112.661 of the Florida Statutes, the investment of the assets of any local retirement system or plan must be consistent with a written investment policy adopted by the board. Such policies shall be structured to maximize the financial return to the retirement system or plan consistent with the risks incumbent in each investment and shall be structured to establish and maintain an appropriate diversification of the retirement system or plan's assets. Furthermore, the City Commission (Pension Board), discharging its fiduciary duties, must approve all changes to the investment policies.

**What Action Accomplishes**

The revisions to the investment policies incorporate all the required elements delineated in Chapter 112.661 of the Florida Statutes.

**Is this Action Goal Related**

This action is specifically related to the City's Strategic Priority of *Excellence in Government* by ensuring that local government is accountable, accessible and transparent in its operations; communicates effectively both internally and externally; values and supports community input and participation; and is effective in its management of fiscal responsibilities.

### **Previous Action Taken**

The investment policies for both plans were last updated effective October 1, 2004. Florida Statute 112.661 was updated in 2009 and it required several additional elements be added to investment policies such as: performance measurements, maturity and liquidity requirements, guidelines for limits on security issues, issuers and maturities, expected annual rate of return, internal control procedures, and continuing education procedures. The updates to the policies incorporate all the required elements delineated in Chapter 112.661 of the Florida Statutes.

### **Summary Explanation/Background**

#### **STAFF RECOMMENDS APPROVAL OF THE ABOVE MOTION.**

The investment policies, which were last updated in 2004, are being revised to be consistent with Florida Statutes 112.661. The Statute, which was updated in 2009, governs the management of these investment policies and delineates the elements which shall be included in the investment policies. Some of the required elements that have been added to the policies include performance measurements, maturity and liquidity requirements, guidelines for limits on security issues, issuers and maturities, expected annual rate of return, internal control procedures, and continuing education procedures. (See Exhibits 1-6)

The City will continue to meet the requirements set forth in the revised investment policies. The Quarterly Investment Results presentations by Principal Financial Group, the City's Investment Managers, provide the Board the opportunity to review and make changes to its investments as deemed appropriate.

---

### **Fiscal Impact**

#### **Fiscal Impact/Cost Summary:**

None

---

### **Attachments**

Exhibit 1 – General Employees' Pension Plan Investment Policy (Original with tracked changes)

Exhibit 2 – General Employees' Pension Plan Investment Policy (Revised final)

Exhibit 3 – Professional Management Pension Plan Investment Policy (Original with tracked changes)

Exhibit 4 – Professional Management Pension Plan Investment Policy (Revised final)

To: Mark Antonio, City Manager  
From: Patricia Ladolcetta, Director of Finance  
Re: Investment Policies Update – General Employees and Professional Management Pension Plans  
Date: September 21, 2011

---

Exhibit 5 – Florida Statute 112.661 – Investment Policies

Exhibit 6 – Florida Statute 215.47 – Investments; authorized securities; loan of securities

Reviewed: 

. . . . .